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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09
Waguespack & Gallagher, LLC

Certified Public Accountants • Business Advisors

Post Office Box 250
Napoleonville, Louisiana 70390
(985) 369-2515

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2008

CONTENTS

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	-	-	1-2
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>			
Management's Disucssion and Analysis	-	-	3-8
<u>BASIC FINANCIAL STATEMTNS</u>			
Statement of Net Assets	A	-	9-10
Statement of Revenues, Expenses and Changes in Net Assets	B	-	11
Statement of Cash Flows	C	-	12
Notes to Financial Statements	-	-	13-21
<u>OTHER SUPPLEMENTAL INFORMATION</u>			
Operating Expenses - Waterworks System	-	1	22-23
Schedule of Changes in Assets Restricted for Revenue Bond Debt Service	-	2	24
Number of Metered Water Customers (Unaudited)	-	3	25
Board of Commissioners - Per Diem	-	4	26
<u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>			
Schedule of Findings and Responses	-	5	27
Summary Schedule of Prior Audit Findings	-	6	28
Corrective Action Plan for Current Year Audit Finding	-	7	29
Report on Internal Control and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Audit Standards</i>	-	-	30-31

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250
Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC
Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

Tia T. Barbera, CPA
Bryce A. Ledet, CPA
Sarah M. Gallagher, CPA
Elaine T. Waguespack, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the accompanying financial statements of the business-type activities of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2008, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the business-type activities of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8, and Other Supplemental Information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The accompanying financial information listed as "Schedules" in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury. Such information except for the Schedule of Metered Water Customers marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to such basic financial statements taken as a whole

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2008 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wagner & Galiff, LLC

November 20, 2008
Napoleonville, Louisiana

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008**

Our discussion and analysis of the financial performance of the Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended July 31, 2008. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$546,990 or 4.07 percent.
- The District's total revenues were \$3,456,757 for a increase of 3.46 percent.
- During the fiscal year ending July 31, 2008, the District had total expenses, excluding depreciation, of \$2,351,678 for an increase of 17.95 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include enterprise fund financial statements (government-wide) that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008

Figure A-1	
Major Features of the Assumption Parish Waterworks District No. 1 Financial Statements	
	Financial Statements
	Enterprise Fund Statements (Government-wide)
Scope	Entire government
Required financial statements	Statement of net assets Statement of revenues, expenses and changes in net assets Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of assets / liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid

Enterprise Fund Financial Statements (Government-wide)

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the change in them. Net assets -- the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008**

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Assets. The District's net assets increased between fiscal years 2007 and 2008 to approximately \$14,005,297. (See Table A-1).

Table A-1		
Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2008	2007
Current and Other Assets	\$ 4,178,715	\$ 4,537,686
Capital Assets	13,634,448	13,043,698
Unamortized Debt Issue Costs	32,278	34,678
Total Assets	\$ 17,845,441	\$ 17,616,062
Accounts Payable and Accrued Expenses	138,440	143,946
Customer Deposits	236,704	233,809
Revenue Bonds Payable	3,465,000	3,780,000
Total Liabilities	\$ 3,840,144	\$ 4,157,755
Net Assets		
Invested in Capital Assets, net of related debt	10,169,448	9,263,698
Restricted for Revenue Bond Debt Service	275,392	296,694
Unrestricted	3,560,457	3,897,915
Total Net Assets	\$ 14,005,297	\$ 13,458,307

Net assets of the District's business type activities increased 4.07 percent to approximately \$14,005,297.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008**

Changes in net assets. The District's total revenues increased by 3.46 percent to \$3,456,757. (See Table A-2). This increase is primarily due to the fact that water rates increased during FY 2008.

The cost of the total operating expenses increased by \$217,398 or 8.55 percent, primarily due to increase in staffing costs, more expensive breakages within the plant and increase in oil and gas prices.

Table A-2		
Changes in Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2008	2007
Operating Revenues		
Water Sales	\$ 2,956,240	\$ 2,850,585
Other Water Service Charge	171,910	152,623
Delinquent Charges	99,767	82,969
Billing & Collection fees	92,856	91,502
Total Operating Revenues	\$ 3,320,773	\$ 3,177,679
Non Operating Revenues		
Interest	\$ 133,830	\$ 144,595
Gain or Loss on Sale of Assets	1,602	13,787
Other Income	552	5,175
Total Non Operating Revenues	\$ 135,984	\$ 163,557
Total Revenues	\$ 3,456,757	\$ 3,341,236
Expenses		
Operating Expenses	\$ 2,761,511	\$ 2,544,113
Non Operating Expenses (Interest expense & debt costs)	148,256	169,369
Total Expenses	\$ 2,909,767	\$ 2,713,482
Changes - Increase or (Decrease) in net assets	\$ 546,990	\$ 627,754

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008**

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$17,845,441, which is an increase from last year of approximately \$229,379.

Budgetary Highlights

The District did not revise its budget in 2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2008, the District had invested \$13,634,448 in capital assets. (See Table A-3).

Table A-3		
Assumption Parish Waterworks District No. 1 Capital Assets		
(net of depreciation)		
	Business Type Activities	
	2008	2007
Land and Right of Way	\$ 170,672	\$ 170,672
Power Pumping & Purification Structures & Equipment	7,894,560	7,796,541
Transmission & Distribution Mains & Accessories	17,341,794	17,054,399
Transportation, office and other equipment	438,717	420,010
Construction in progress	1,065,502	335,342
Accumulated Depreciation	(13,276,797)	(12,733,262)
Total Net Capital Assets	\$ 13,634,448	\$ 13,043,702

Debt

As of July 31, 2008, the District had \$3,465,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in Note F – Long-Term Obligations – in the Notes to Financial Statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2008**

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District normally gets all of its revenues from water sales and services provided. Revenues from water sales and services provided in fiscal year ended July 2008 increased approximately \$143,094 over fiscal year ended July 2007. The fiscal year July 2008 budget has revenue from water sales budgeted of approximately \$2,890,000, an increase of approximately \$54,000 over fiscal year ended July 2007. The economy is not expected to generate any significant growth. Therefore, the District's enterprise fund future revenues are expected to only increase approximately 2.61 percent due to recent water rate increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Henry M. Templet, General Manager, 4633 LA Hwy 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2008**

ASSETS

Cash	\$ 127,191
Investments	3,271,754
Receivables:	
Billed water charges, net of \$9,158 for an allowance for doubtful accounts	195,600
Unbilled water charges	195,953
Other receivables	1,318
Inventory of supplies	85,234
Prepaid expenses	26,273
Restricted assets-debt service:	
Investments	275,392
Capital assets, net	13,634,448
Unamortized debt issue costs	<u>32,278</u>
Total assets	<u><u>\$ 17,845,441</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2008**

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 46,485
Accrued wages payable	25,843
Accrued vacation payable	29,149
Payable from restricted assets:	
Certificates of indebtedness	320,000
Interest payable	36,963
Customers' deposits	236,704
Certificates of indebtedness payable	<u>3,145,000</u>
Total liabilities	<u>3,840,144</u>

NET ASSETS

Invested in capital assets, net of related debt	10,169,448
Restricted for revenue bond debt service and contingencies	275,392
Unrestricted	<u>3,560,457</u>
Total Net Assets	<u><u>\$ 14,005,297</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
July 31, 2008**

Operating Revenues:	
Revenues from sales and service charges:	
Water sales	\$ 2,956,240
Other water service charges	171,910
Delinquent charges	99,767
Solid waste, garbage, and sewerage collection fees	<u>92,856</u>
Total operating revenues	<u>3,320,773</u>
Operating expenses:	
Waterworks system expenses	1,284,326
Office, general and administrative expense	919,096
Depreciation	<u>558,089</u>
Total operating expenses	<u>2,761,511</u>
Operating Income	<u>559,262</u>
Nonoperating revenues (expenses):	
Interest income	133,830
Other income	552
Gain on sale of fixed assets	1,602
Interest expense	(145,856)
Amortization of debt issue costs	<u>(2,400)</u>
Total nonoperating revenues (expenses)	<u>(12,272)</u>
Change in Net Assets	546,990
Net Assets - Beginning	<u>13,458,307</u>
Net Assets - Ending	<u><u>\$ 14,005,297</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit C

**STATEMENT OF CASH FLOWS
July 31, 2008**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,309,769
Cash Payments to Suppliers for Goods & Services	(1,453,156)
Cash Payments to Employees	(754,243)
Cash Received from Deposits	2,895
Net Cash Provided by Operating Activities	<u>1,105,265</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(1,150,909)
Principal Paid on Revenue Bonds	(315,000)
Interest paid on Revenue Bonds	(143,813)
Sale of Fixed Assets	3,669
Other Non-operating Revenues	552
Net Cash Used for Capital and Related Financing Activities	<u>(1,605,501)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	133,830
Transfers to Investment Accounts	63,188
Net Cash Used for Investing Activities	<u>197,018</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(303,218)
Cash and Cash Equivalents at Beginning of Year	<u>430,409</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 127,191</u></u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities	
Income from Operations	\$ 559,262
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation	558,089
Change in Operating Assets & Liabilities	
Accounts Receivable	(11,006)
Inventory of Supplies	983
Prepaid Expenses	2,588
Customer Deposits	2,895
Accounts Payable	(14,815)
Other Accrued Expenses	7,269
Net Cash Provided by Operating Activities	<u>1,105,265</u>
Reconciliation of Total Cash and Cash Equivalents	
Total Cash and Cash Equivalents	<u><u>\$ 127,191</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

Basis of Presentation The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the police jury.
- Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district's governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting The enterprise fund statements (government-wide) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note D).

Long-Term Liabilities Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net assets.

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually which can accumulate up to ninety days that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE

Under the terms of the 2006 Certificates of Indebtedness (see note F) dated November 29, 2006, the certificates shall be secured by and payable solely from a pledge and dedication of the excess of annual revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary and usual charges in each of the fiscal years. The agreement also requires that until the Certificates have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the Certificates.

For the payment of the principal and the interest on the Certificates and any additional parity certificates of indebtedness, there is hereby created a special fund known as "Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Certificates of Indebtedness, Series 2006 Sinking fund being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund at least one day in advance of the date on which each payment of principal and/or interest on the Certificates fall due, funds fully sufficient to promptly pay principal of and/or interest so falling due on such date. Said fiscal agent bank will make available from the Sinking Fund to the paying Agent funds fully sufficient to pay promptly principal and interest falling due on such date.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE-Continued

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund – Capital Improvements." Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund from \$50,000 to \$150,000. The required transfer to the Waterworks Utility Revenue Fund-Capital Improvements fund for the year ended July 31, 2008 is \$728,163.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2008

NOTE C – CAPITAL ASSETS

A summary of capital assets at July 31, 2008 follows:

	Life in Years	Cost	Accumulated Depreciation	Net	Straight-line Method Depreciation This Year
Land and rights of way	-	\$ 170,672	\$ -	\$ 170,672	\$ -
Power pumping and purification structures and equipment, including main plant building	15-44	7,894,560	3,378,609	4,515,951	182,674
Transmission and distribution mains and accessories	15-44	17,341,794	9,534,148	7,807,646	341,424
Transportation, office and other equipment	5-15	438,717	364,040	74,677	33,991
Construction in progress: New transmission lines and other projects	-	1,065,502	-	1,065,502	-
Totals		\$ 26,911,245	\$ 13,276,797	\$ 13,634,448	\$ 558,089
		Cost	Accumulated Depreciation	Net	
Balances at beginning of year		\$ 25,776,960	\$ 12,733,262	\$ 13,043,698	
Additions:					
Land		-	-	-	
Power, pumping and purification		98,019	-	98,019	
Transmission and distribution mains and accessories		248,009	-	248,009	
Transportation, office and other equipment		74,716	-	74,716	
Construction in progress included during year		1,042,927	-	1,042,927	
Depreciation expense		-	558,089	(558,089)	
Deletions:					
Construction in progress completed during year		(312,765)	-	(312,765)	
Sales and other dispositions of		(16,621)	(14,554)	(2,067)	
Balances at end of year		\$ 26,911,245	\$ 13,276,797	\$ 13,634,448	

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE C – CAPITAL ASSETS – Continued

Interest incurred in the enterprise fund was \$143,813.

NOTE D – CASH AND CASH EQUIVALENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law required deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balanced of deposits are as follows:

	Bank Balances			Book Balance
	Category 1	2	3	
Cash	100,000	-	375,764	127,191

At December 31, 2008, deposits in excess of FDIC insurance were collateralized by securities held by unaffiliated banks for the account for the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for the accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE E - INVESTMENTS

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE E – INVESTMENTS-Continued

At July 31, 2008, investments of \$3,547,146 are in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP at July 31, 2008 is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana is authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is approximately 60 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE F – LONG-TERM OBLIGATIONS

The following is a summary of bond transactions for the year ended July 31, 2008:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2007	\$ 3,780,000
Bonds issued	-
Bonds retired	<u>(315,000)</u>
Bonds payable, July 31, 2008	<u>\$ 3,465,000</u>

Certificates of Indebtedness payable at July 31, 2008, is comprised of the following individual issues:

\$3,780,000 Waterworks Certificates of Indebtedness dated November 29, 2007 due in annual installments of \$315,000 to 455,000 excluding interest, through November 1, 2016; interest at 3.97%.	<u>\$ 3,465,000</u>
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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE F – LONG-TERM OBLIGATIONS-Continued

The annual requirements to amortize all debt outstanding at July 31, 2008, including \$659,319 interest payments, are as follows:

	<u>Revenue Bonds</u>
2009	451,209.00
2010	453,207.00
2011	454,610.00
2012	455,417.00
2013-2016	2,309,876.00
	<u>\$ 4,124,319.00</u>

NOTE G - CONTRIBUTION FROM ASSUMPTION PARISH

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system. The Parish agreed to pay to the District an annual rental of \$30 for each fire hydrant installed within the system. This agreement provides that the system be owned jointly by the Parish and the District. The undivided interest of the Parish in the system is 29.21875% and the undivided interest of the District in the system is 70.78125%. The District agreed to pay the Parish an annual rental of \$4,500 for the facilities of the Parish for a 99 year term beginning in August 1959.

NOTE H - PENSION PLAN

Substantially all employees of the Assumption Parish Waterworks District No. 1 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE H - PENSION PLAN-Continued

Under Plan B, members are required by state statute to contribute 3.0 percent of their annual salary and the Assumption Parish Waterworks District No. 1 is required to contribute at an actuarially determined rate. The current rate is 6.00 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 2008, 2007 and 2006, were \$45,254, \$40,066, and \$42,595, respectively, equal to the required contributions for each year.

NOTE I - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the retirement benefits described in Note J, the district provides post-employment health care benefits in accordance with the district's policy. The current district policy regarding the premiums which the district will pay is as follows:

The district will pay the percentage of the equivalent premiums for those persons who are retiring at 55 years of age and have the following years of service time.

<u>Years of Service</u>	<u>Waterworks Share</u>	<u>Retiree's Share</u>
15-19	30	70
20-29	50	50
30+	75	25

The equivalent premium for the appropriate category will be set after renewal of insurance coverage each year and the retirees must pay the equivalent premium of the appropriate category in order to continue coverage as a retiree. For fiscal year ending July 31, 2008, the cost of the district's portion of this benefit was approximately \$9,687.

NOTE J - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2008**

NOTE K - DEFERRED COMPENSATION PLAN-Continued

The following is a summary of activity in the fund for the year ended July 31, 2008:

Assets balance at August 1, 2007	\$ 204,730
Deferrals of compensation	62,319
Earnings	(4,630)
Withdrawals	(50,714)
Asset fees and others	(1,489)
Asset balance at July 31, 2008	<u>\$ 210,216</u>

NOTE L - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury, the Village of Napoleonville and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

NOTE M - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a commercial insurance policy which pays all claims exceeding \$60,000 per year per person to \$1,000,000 per year. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 2008.

NOTE N - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 2008, the enterprise fund paid \$143,813 on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

NOTE O - LITIGATION

At July 31, 2008, there is pending litigation against the District. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the District.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM
Year Ended July 31, 2008**

Waterworks System Expenses:

Purification and plant expenses:

Salaries, plant personnel	\$ 278,885
Payroll Taxes	19,880
Communication	726
Chemicals and purification supplies	164,271
Disability insurance	2,740
Maintenance and repairs of plant	48,177
Other purification expenses	52,682
Retirement plan	16,534
Telemetry	547
Travel and education	6,441
Utilities	238,525

Total purification and plant expenses	829,408
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Distribution, operation and maintenance expenses:

Salaries	236,649
Payroll Taxes	17,211
Communication	1,008
Disability insurance	2,354
Repairs and maintenance	36,770
Retirement plan	14,143
Service materials	48,962
Supplies and expenses, meter readers	460
Telemetry	374
Transportation expenses	44,579
Travel and education	3,860
Utilities	19,533
Water user fee	29,015

Total distribution, operation and maintenance expenses	454,918
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Total waterworks system expenses	\$ 1,284,326
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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM - CONTINUED
Year Ended July 31, 2008**

Office, general and administrative expenses:

Salaries	\$ 245,979
Stationary and office supplies	50,555
Collection expenses	7,213
Communication expense	7,018
Payroll taxes	17,491
Group insurance	348,412
Insurance	133,534
Rent of Police Jury, equity in system	6,360
Professional services, legal and accounting	9,750
Professional services, engineering	14,400
Transportation expense	1,071
Travel and education expenses	12,233
Per diem paid to board member	7,920
Retirement plan	14,577
Other expenses	4,394
Uncollectible accounts	9,714
Uniform reimbursements	2,473
Unemployment compensation insurance	2,379
Maintenance of equipment	9,765
Dues and Fees	6,936
Deposit Delivery Charge	4,960
Bank charges	1,962

Total office, general and administrative expenses

\$ 919,096

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**ENTERPRISE FUND – WATERWORKS SYSTEM
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
Year Ended July 31, 2008**

	Waterworks Utility Revenue Bond and Interest Sinking Fund	Utility Depreciation and Contingency Fund	Total
Cash and investments at beginning of year	\$ 278,370	\$ 368,244	\$ 646,614
Increase in cash and investments:			
Transfers from other accounts	456,519	-	456,519
Interest earned	7,435	9,345	16,780
Total cash available	742,324	377,589	1,119,913
Decrease in cash and investments			
Principal payment	315,000		315,000
Interest payments	143,813		143,813
Other payments	-		-
Transfers to other accounts	8,119	377,589	385,708
Total decreases	466,932	377,589	844,521
Cash and Investments at end of year	<u>\$ 275,392</u>	<u>\$ -</u>	<u>\$ 275,392</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 3

METERED WATER CUSTOMERS

July 31, 2008

(Unaudited)

At July 31, 2008, the District had 9,999 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

**BOARD OF COMMISSIONERS – PER DIEM
Year Ended July 31, 2008**

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Alida Melancon	12	720
Donna K. Robertson	10	600
Bryan Dugas	11	660
Vincent Nelson	13	780
Scott Sternfels	12	720
Dennis Cavalier	13	780
Calvin Steward	13	780
Bryan Baldwin	11	660
Darrel Rivere	6	360
Jessie Landry, Jr.	13	780
Terry Talbot	6	360
Crawford Landry	5	300
Glen Comeaux	7	420
		<u>\$ 7,920</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND
OTHER SCHEDULES REQUIRED BY GOVERNMENT AUDITING
STANDARDS**

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 5

**SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended July 31, 2008**

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- There was one significant deficiency in internal control disclosed during the audit of the basic financial statements that was required to be reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards. (See 2008-1 in Part B of this schedule)
- The results of our tests disclosed no instances of noncompliance material to the basic financial statements which were required to be reported in the Report on Internal Control and on Compliance and Other Matters over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards.

B. Findings-Financial Statement Audit

2008-1 FINANCIAL STATEMENTS SUBMITTED NOT IN ACCORDANCE WITH GAAP

The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditor.

Management concurs with this finding and the recommendation will be implemented immediately.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 6

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended July 31, 2008**

A. Financial Statement Audit

INTERNAL CONTROL FINDINGS

2007-1 SEPARATION OF DUTIES

Condition: When accounting for funds received, the same employee who records the incoming funds also prepares the deposit slip for the bank.

Current Status: *This finding has been corrected for the year ending July 31, 2008.*

2007-2 FINANCIAL STATEMENTS SUBMITTED NOT IN ACORDANCE WITH GAAP

Condition: The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Current Status: The finding still exists due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditors. (See Current Finding 2008-1)

COMPLIANCE FINDINGS

No Compliance findings were noted in the audit for the period ended July 31, 2007.

Assumption Parish Waterworks District No. 1

4633 HIGHWAY 1

P. O. DRAWER 575

NAPOLEONVILLE, LOUISIANA

70390-0575

Telephone: (985) 369-6156

1-800-856-5731

Fax: (985) 369-7878

Schedule 7

Corrective Action Plan for Current Year Audit Findings For the Year Ended July 31, 2008

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2008-1	Financial Statements Submitted Not in Accordance with GAAP	Not feasible at this time	Henry Templet Lucille Guillot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Henry Templet, General Manager

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA

Bryce A. Ledet, CPA

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Assumption Parish Waterworks District No. 1
Napoleonville, Louisiana

We have audited the financial statements of the business type activities of the Assumption Parish Waterworks District No. 1 (the District), a component unit of Assumption Parish Police Jury, as of and for the year ended July 31, 2008, and have issued our report thereon dated November 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Louisiana Governmental Audit Guide issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did identify one deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above. See Finding 2008-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management of the District's office and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Waglesworth + Galiff, LLC

November 20, 2008
Napoleonville, Louisiana